

**NATIONAL DAIRY MARKET AT A GLANCE**

**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (03/17): BUTTER:** Grade AA closed at \$1.1700. The weekly average for Grade AA is \$1.1705 (+.0090).

**CHEESE:** Barrels closed at \$1.1350 and blocks at \$1.1825. The weekly average for barrels is \$1.1310 (+.0160) and blocks, \$1.1805 (+.0350).

**BUTTER:** The cash butter price at the CME continues to adjust higher and lower and closed the week at \$1.1700. For most butter operations from coast to coast, churning remains heavy and stocks are building. Cream supplies remain plentiful, but surplus volumes available to Class IV operations are lighter than in recent weeks. Class II demand is increasing for cream based holiday items and ice cream production is gaining momentum. Butter demand is fair. Many butter handlers state that Easter orders have been only fair when compared to other years. Many are surprised at the lackluster butter demand this year, especially with the cash price as low as it has been. Some retail feature activity is occurring but also surprisingly lighter than anticipated. Quota butter imports for the first two months of the year total 1.9 million pounds, down 38% from the same period last year. Imports stand at 12% of the annual quota. High-Tier imports (above quota and with a penalty) are 303,000 pounds, more than double the volume imported for the same time period last year. This is somewhat surprising considering butter prices were much higher last spring than they are currently. Also, the trade is not anticipating any shortages of butter this year.

**CHEESE:** The cheese market is steady, though with a cautious to weak undertone. Current orders were steady to occasionally improved after last week's price increases caused some buyers to return to the market. Current cheese offerings are generally adequate with some tightness noted on fresh mozzarella. Large volumes of undergrades remain available. Good interest remains for shreds and consumer items, particularly where promotions are underway or being prepared. Cheese production remains seasonally heavy. With heavy cheese production and supplies expected to last until at least summer, buyers are extra particular about quality.

**FLUID MILK:** Milk production is increasing in most areas of the country. The most significant gains continue to be seen in the southern regions where temperatures have been the warmest. Parts of Arizona got their first significant rainfall since last October, which actually impaired milk output for a time due to wet feedlots. Milk production in the northern portions of the country is increasing at a more seasonal pace. Fluid milk supplies are excessive in most parts of the country and more surplus milk is being shipped greater distances to find processing room. Some plants' capacities are being tested, which is earlier than expected by many contacts. Bottled milk sales are steady to slower as some schools were closed due to storms and many colleges are now on spring break. The fluid cream market remains weak, but some improvement in spot demand was noted this week and multiples did improve for sellers. Production of sour cream and cream cheese has improved for Passover and Easter needs. Ice cream production "ticked up" slightly.

**DRY PRODUCTS:** The NDM market remains relatively weak and, after much industry speculation, NDM was offered to CCC this week. (See below.)

Drying schedules across the country remain heavy and producer stocks are growing. Demand is slow to fair as spot buyers are waiting for better prices. Also, exports have slowed in recent weeks. The dry buttermilk market is weak and offerings often exceed the slow demand. The dry whey market is also weak. Production is increasing and offerings are growing, particularly in the resale side of the market. Producer stocks are also increasing at more plants. Domestic and export demand is slow while buyers wait for better prices. The WPC market, like most other dry product markets, is weak. Offerings exceed demand and stocks are growing at the producers' level.

**CCC:** During the week of March 13-17, CCC purchased 1,306,646 pounds of NDM from the Western region. This is the first NDM purchase since November 2004.

**FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS):** Under the Federal milk order pricing system, the base price for Class I milk for April 2006 is \$11.22, down \$1.27 from March. This price is derived from the advanced Class III skim milk pricing factor of \$7.02 and the advanced butterfat pricing factor of \$1.2715 per pound. Class I differentials specific to each county are added to the base price to determine the Class I price. The Class II skim milk price for April is \$7.28 and the Class II nonfat solids price is \$0.8089 per pound. The following are the two-week product price averages: butter \$1.1746, nonfat dry milk \$0.8789, cheese \$1.1686, and dry whey \$0.3478.

**MARCH MILK SUPPLY AND DEMAND ESTIMATES (WAOB):** Forecast milk production in 2006 is raised from last month as January output was larger than expected. Estimated March milk production is 182.0 billion pounds, up 2.8% from the March estimate for 2005. Commercial use is to remain relatively firm but the increase in production and higher-than-expected beginning stocks are expected to result in lower forecast prices and increased commercial ending stocks. The cheese price is forecast lower than last month, which will more than offset slightly stronger whey prices and result in a reduced Class III price. Both butter and nonfat dry milk prices are forecast lower than last month, and the Class IV price forecast is lowered to reflect this. CCC net removals of nonfat dry milk are raised from last month. The forecast all milk price for 2006 is lowered to \$12.75-\$13.35.

**DECEMBER MAILBOX MILK PRICES (DAIRY PROGRAMS):** In December 2005, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$14.73, \$.36 less than the figure for the previous month. The component tests of producer milk in December 2005 were: butterfat, 3.84%; protein, 3.14%; and other solids, 5.69%. On an individual reporting area basis, mailbox prices decreased in all Federal milk order reporting areas, and ranged from \$17.98 in Florida to \$12.94 in New Mexico. In December 2004, the Federal milk order all-area average mailbox price was \$16.38, \$1.65 higher.

**USDA PUBLISHES RULES FOR THE EXTENDED MILC PROGRAM:** USDA has issued the new rules for the revised Milk Income Loss Compensation (MILC) program. The revised program is now called MILCX and runs retroactively from October 1, 2005 to September 30, 2007. Signup will be held in two phases.

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**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

PRODUCT	MONDAY MARCH 13	TUESDAY MARCH 14	WEDNESDAY MARCH 15	THURSDAY MARCH 16	FRIDAY MARCH 17	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.1300 (N.C.)	\$1.1300 (N.C.)	\$1.1300 (N.C.)	\$1.1300 (N.C.)	\$1.1350 (+.0050)	(+.0050)	\$1.1310 (+.0160)
40# BLOCKS	\$1.1800 (N.C.)	\$1.1800 (N.C.)	\$1.1800 (N.C.)	\$1.1800 (N.C.)	\$1.1825 (+.0025)	(+.0025)	\$1.1805 (+.0350)
BUTTER GRADE AA	\$1.1675 (+.0025)	\$1.1700 (+.0025)	\$1.1700 (N.C.)	\$1.1750 (+.0050)	\$1.1700 (-.0050)	(+.0050)	\$1.1705 (+.0090)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. \*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM **NOTE: CME NDM on Page 2.**

## CHICAGO MERCANTILE EXCHANGE

MONDAY, MARCH 13, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: NONE; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.1675; OFFERS UNCOVERED: NONE

TUESDAY, MARCH 14, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: 2 CARS GRADE AA: 1 @ \$1.1750, 1 @ \$1.1700; BIDS UNFILLED: 2 CARS GRADE AA: 1 @ \$1.1675, 1 @ \$1.1600; OFFERS UNCOVERED: 2 CARS GRADE AA @ \$1.2000

WEDNESDAY, MARCH 15, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

THURSDAY, MARCH 16, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: NONE; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.1750; OFFERS UNCOVERED: NONE

FRIDAY, MARCH 17, 2006

CHEESE — SALES: 1 CAR BARRELS @ \$1.1350; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.1825; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1350  
 BUTTER — SALES: 5 CARS GRADE AA: 2 @ \$1.1775, 1 @ \$1.1700, 1 @ \$1.1725, 1 @ \$1.1700; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.1700; OFFERS UNCOVERED: NONE

**CME CASH NONFAT DRY MILK:** Extra Grade closed the week at \$0.8900 and Grade A at \$0.8875. (The last price change for Extra Grade was January 24 and Grade A occurred February 1.) The weekly average for Extra Grade is \$0.8900 (N.C.) and Grade A is \$0.8875 (N.C.).

## BUTTER MARKETS

## NORTHEAST

Butter markets are unsettled, although the market undertone remains weak. Traders and handlers still feel that the slight upturn in the current cash price will be short lived and will weaken once Easter/Passover orders are filled. Cream volumes for churning have tightened up this week as Class II demand increased sharply. Some cream traders indicate that they are not looking for buyers this week, in fact, some are looking for additional cream to satisfy all customer needs. Production of bottled cream, cream cheese, sour cream, and other Class II products is absorbing significant volumes of available cream. Churning continues to occur, but the volumes of fresh butter are more in line with demand, thus inventories are not building as in recent weeks. Butter demand is fair at best. Producers and handlers are quite surprised at the slow development of upcoming holiday orders, especially when the holiday is just a month away. Foodservice orders are steady. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

## CENTRAL

The cash butter price at the CME indicates that the butter market is firm, although many producers and handlers question why. Many feel that once Easter orders are placed, the cash price will decline. Churning activity remains strong and, in many instances, production continues to surpass demand. Cream volumes are readily available although Class II demand is increasing as the Easter holiday nears. Also, some ice cream producers are starting to take advantage of the available cream offerings. Butter demand is fair at best. Handlers and traders remain quite surprised at the slow development of Easter/Passover orders. Orders are heavier than a few weeks ago, but are below previous year levels for this time period before

the holiday. Most feel that by next week, holiday orders need to be placed to get delivered in time for Easter needs. Scattered retail feature activity continues to be reported in various metro markets in the Central part of the country. Food service orders are fairly active, typical for this time of the year and prior to the holiday. Bulk butter for spot sale is being reported in the flat – 2 cents per pound over various pricing basis.

## WEST

Cash butter prices at the CME have moved fractionally higher the last few trading sessions to stand at \$1.17 at midweek. Churning remains heavy and stocks are building. Many firms are making bulk for storage because they have plenty of prints on hand. Retail orders are coming in for Easter, but the volumes are average at best. Food service sales are fair for this time of year. Little feature activity is noted, even with prices at historically low levels for the spring season. Perhaps a little less cream is available for churning, but it is only a slight decrease. Quota butter imports for the first two months of the year totals 1.9 million pounds, down 38% from the same period last year. Imports stand at 12% of the annual quota. High-Tier imports (above quota and with a penalty) are 303,000 pounds, more than double the volume imported for the same time period last year. This is somewhat surprising considering butter prices were much higher last spring than they are currently. Also, the trade is not anticipating any shortages of butter this year. The CME weekly butter inventory number increased by 4.2 million pounds this past week to stand at 106.3 million pounds. Last year, stocks were at 65.1 million pounds for the comparable week and they were 95.4 million pounds in 2004. Prices for bulk butter range from 2 cents under to 5 cents under based on the CME with various time frames and averages.

## NASS DAIRY PRODUCT PRICES

## U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	38% MOISTURE BARRELS			
MARCH 11	1.1491	1.1331	0.8696	1.1695	0.3447
	8,613,634	10,557,529	17,324,283	2,944,192	9,896,323

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

## CHEESE MARKETS

## NORTHEAST

Prices are higher on process and natural except Swiss. Demand has improved from some customers now that at least a short term low was reached and prices have rebounded. Holiday promotions, aided by current prices, are stimulating extra sales for some promoters. Milk supplies available are ample for cheese makers in the region. Current cheese offerings generally remain heavy on most varieties.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2275-1.7475
Cheddar Single Daisies	:	1.1850-1.6700
Cheddar 40# Block	:	1.2850-1.5575
Process 5# Loaf	:	1.3250-1.5650
Process 5# Sliced	:	1.3450-1.5725
Muenster	:	1.3000-1.5000
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

## MIDWEST

The cheese market is steady, though with a cautious undertone. The recent pickup in orders at current price levels is rebuilding stocks and filling the needs for promotional activities. Interest remains at least fairly good for cheese for aging programs, both cheddar and hard Italian, though some buyers have filled their needs. Mozzarella demand remains generally good. Last year around Easter/spring break, mozzarella interest slowed and remained sluggish till late summer. A mozzarella plant with a recent planned down day delayed it due to strong orders. Process movement is slow to moderate where spring/summer demand is picking up at current price levels. Heavy snow across Minnesota and western Wisconsin (up to 20+ inches) accompanied by high winds, delayed milk procurement and forced some plants to adjust operating schedules. Most plants are operating on heavy seasonal schedules with additional volumes of fluid (some priced under \$10) available from states further south. Cheese yields are steady to drifting lower.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3850-1.7900
Brick And/Or Muenster 5#	:	1.6900-1.8200
Cheddar 40# Block	:	1.4925-2.2650
Monterey Jack 10#	:	1.7325-2.2650
Blue 5#	:	1.9950-2.5000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.3200-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.4050-2.8900

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER : CHEESE	
	:	:
03/13/06	32,879	: 132,704
03/01/06	30,370	: 132,576
CHANGE	2,509	: 128
% CHANGE	8	: N.C.

## WEST

Block cheese prices at the cash CME market rebounded rather sharply late last week, gaining 5 3/4 cents. Blocks stand at \$1.18 at midweek. This amount of strength at this point in time surprises some contacts. They continue to see heavy volumes of milk causing some cheese plants to sell milk to limit building stocks. Top quality cheese may be in balance, but lower grades of cheese are becoming more of a problem to move. The up tick in price did increase sales activity as some buyers purchased some additional cheese in case prices continue to move higher. Western contacts are curious to see how this market plays out before the next Milk Production report is released at the end of this week. Quota imports of cheese for the first two months of the year total 41.8 million pounds, down 18.1% from the same period in 2005. Imports total 14% of the annual quota. Swiss imports for the period are 9.1 million pounds, down 17.2% from a year earlier. Imports of High-Tier cheese (above quota with a penalty) for the same period are 4.8 million pounds, up 43.4% from last year. This is a little surprising considering cheese prices early last year were higher and looking firm compared to prices this year which are lower and have a weak undertone.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2675-1.5250
Cheddar 40# Block	:	1.2650-1.6175
Cheddar 10# Cuts	:	1.4450-1.6650
Monterey Jack 10#	:	1.4550-1.6150
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

## FOREIGN

Prices are generally higher on domestic and mostly unchanged on imported ranges. Supplies are adequate for the generally fair interest. February imports of cheese subject to licensing during February totaled 9.0 million Kg., 13.5% below February 2005. Combined January - February 2006 cheese imports total 19.0 million Kg., down 18.1% from the same period in 2005. The combined 2 month total for high tier cheese imports total 2.2 million Kg., up 43.4% from the same two months in 2005.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-4.4300*	: 1.5400-3.0300*
Gorgonzola	: 3.6900-5.9400	: 2.0500-2.4900*
Parmesan (Italy)	: TFEWR	: 2.9550-3.0600*
Romano (Italy)	: 2.1000-3.1900	: -0-
Provolone (Italy)	: 3.4400-6.0900	: 1.5400-1.7775*
Romano (Cows Milk)	: -0-	: 2.7375-4.8800*
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggianito (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 3.1200-4.1500	: -0-
Swiss Cuts Switzerland	: -0-	: 2.4500-2.6500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.5600	: -0-
Gouda, Large	: TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

\* = Price change.



## FLUID MILK AND CREAM

## E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	112	0	84	0	182
SOUTHEAST STATES	0	0	0	0	0	0

Regional Milk Market Administrators announced the following, February 2006 uniform prices: Northeast \$14.25, Mideast \$13.28, Appalachian \$15.01, Southeast \$14.71, Florida \$16.34, and Western New York (a state order) \$13.66 at the base city or county in the orders. Milk production is increasing throughout the Eastern region. Florida reports that 112 loads were shipped out this week compared to 84 loads last week. With abundant supplies reported in the Southern region, milk is being shipped to the Northeast and Midwest to adequately balance volumes. Reduced milk movement into bottling due to spring break recesses at colleges and universities may, in part, be offset by anxious buying patterns of Northern consumers that purchase milk in advance of winter snow storms. Milk movement into manufacturing is steady to higher with most plants running full during the 5 day work week. Milk volumes are expected to persist at these levels into May. Condensed skim demand is mostly steady and contractual. Some spot load volumes are available at reduced prices for Class II users. Additional supplies are being adequately handled by NDM dryers. The fluid cream market is tighter compared to the week prior. Reduced supplies of cream may be due to reduced bottling activity or increased intakes of cream by ice cream facilities and producers of kosher cream cheese and butter for the upcoming Passover. Multiples are trending unchanged to slightly higher. Whether this trend will persist is speculative. Cream prices are generally reported lower in response to a reduced CME AA butter average compared to the week prior.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3590-1.4867
DELIVERED EQUIVALENT ATLANTA	-	1.3706-1.5100 M 1.4054-1.4519
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3357-1.4519

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:

NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	.9300-1.0400
NORTHEAST- CLASS III - SPOT PRICES	-	.9500-1.0400

## M I D W E S T

Early in the week, a strong winter storm dumped 10 – 20+ inches of snow, accompanied by high winds on parts of Minnesota and western Wisconsin, causing milk pickup and delivery delays as well as affecting plant operations. Some loads were reported as diverted because of the weather from the intended customer/delivery location. In another instance, power outages caused by the snow or a tornado further south caused fluid and cream to move to alternative users. Class I interest was steady to slower, particularly where schools are out or going out next week on spring break. Handlers and bottlers are hoping that with spring/holiday breaks reportedly spaced out over the next month or so, institutional milk sales won't change as sharply as usual. Manufacturing milk interest remains light though a few additional plants were back in the market for a load or two. Reported spot manufacturing milk prices, depending on class, ranged from a low of -\$1.50 to flat class net. Reports of additional offers of local and southern fluid, some reportedly at great discounts to the class price. Offerings continue to exceed the ready interest. Cream demand has improved with multiples inching up a couple points. Print butter interest is also keeping churners busy. Some improvement is noted from cream cheese accounts preparing holiday orders. Cottage cheese and dip production is reportedly just average. Ice cream interest is about steady where producers are preparing for holiday and summer needs. Milk intakes are mostly steady

with occasional slight increases and remaining well above year ago levels. Fat and protein levels continue to drift seasonally lower. Reports indicate that producers recently cut off by their regular buyer or looking to switch buyers are finding little interest even with extra concessions. Some plant operators have already discontinued adding new patrons due to concerns with spring plant capacity with current patrons/members.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MAR 9 - 15	PREVIOUS YEAR
SLAUGHTER COWS	\$ 48.50- 54.50	\$ 52.00- 60.50
REPLACEMENT HEIFER CALVES	\$300.00-650.00	\$380.00-690.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MAR 9 - 15	PREVIOUS YEAR
SLAUGHTER COWS	\$ 51.50- 56.00	\$ 55.00- 64.25

## W E S T

The April 2006 Class 1 prices in CALIFORNIA range from \$12.53 in the north to \$12.80 in the south. The statewide average Class 1 price based on production is \$12.55. The average is 69 cents lower than March 2006 and \$3.25 less than April 2005. CALIFORNIA milk output remains heavy across the state and is not expected to slow in the near future. Surplus milk and components are moving greater distances and being discounted further to keep product moving. Capacity to handle the building milk supply is being stretched. There are reports that milk has been diverted away from manufacturing to alleviate the situation. Class 1 needs are slow to grow and bottlers' schedules are light to moderate. Rains in the Central Valley do not seem to have impacted milk production. The rains are impacting hay harvesting and quality. Demand for hay is moderate with some resistance noted for current hay prices with milk prices declining. The first milk checks reflecting lower prices have been mailed. ARIZONA milk production took a slight hit as the first significant rainfall fell across several dairy production areas of the state. The drop is often several percentage points but is likely to recover in the near future as conditions improve. The peak milk producing time is near, but the hot conditions that normally usher in the peak are not here yet. NEW MEXICO milk output is moving higher at levels sharply above a year ago. The supplies are stretching current capacity at production plants and milk is being moved further away for processing. Cow numbers in the state are increasing and production per cow is building. CREAM prices have moved slightly higher in the region. Demand has increased slightly from ice cream producers and for the production of sour cream. Dip production has increased and is taking more cream. The butter price at the CME has stabilized this week and stood at \$1.1700 at midweek, up 1 cent from last week. The April price for cream for ice cream production in California will be lower as the declines in the butter price are reflected in the Class 3 formula. Heavy volumes of cream continue to move to local and out of region butter production. Cream multiples have moved a couple points higher and trade from 96 to 120, FOB, and vary depending on class usage and basing point. Rain and cool conditions continue to prevail in coastal regions of the PACIFIC NORTHWEST. Moisture since the first of the year is way above normal and the snow pack in the Cascades is very heavy. Water conditions for the new crop year should not be a problem. Milk production, in general, continues to increase slowly along seasonal patterns. The overall tone is somewhat mixed in that not all operations are seeing much of an increase yet. East of the mountains, conditions are warmer and dryer, almost a normal spring. Rain showers will be common over the dairy areas of IDAHO and UTAH at the end of the week. Feed lots have had a chance to dry somewhat so that producers don't think the situation will be too muddy. Milk production is steady to only slightly heavier this early in the spring season. Average heifer prices at a weekly sale in Idaho have declined to \$1850, the lowest price since January 2005. Contacts believe that the prospect of lower milk prices this summer has taken the edge off the heifer market.

**NDM, BUTTERMILK & WHOLE MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL AND EAST**

**CENTRAL:** Prices are mostly unchanged on a weak market. Some program pricing that is benchmarked on the NASS NDM price is reported higher yet most trade is occurring within the mostly price range. Production is slightly reduced compared to levels reported in January and February. Increased milk movement into Class II facilities is reported to be a factor in reduced NDM drying. Demand is best from brokers and a few end-users. Some end-users are looking to source supplies for second quarter but hesitant to enter negotiations until the market has settled. Producers indicate that the market may be nearing a bottom as prices would need to be near the support price of 80 cents in the West to be competitive with the mostly price range reported in the Central. High heat supplies are limited for the mostly contractual interest.

**EAST:** Prices are generally unchanged. The market tone is weak. Heavier milk production in the Southeast is encouraging milk movement into NDM manufacturing facilities. As a result, NDM production is strong. Supplies are reported as "ample" with producer stocks on hand since December 2005. Additional warehouse space is being requisitioned to adequately handle volumes. Movement is mostly noted on program arrangements. Some spot multiple load trades are reported into broker/reseller operations for shipment into export markets or for resale domestically.

This week, CCC purchased 1.3 million pounds of NDM from the Western region. This is CCC's first support price purchase since November 2004.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUMHEAT: .8300 - .9425 MOSTLY: .8400 - .8600

HIGHHEAT: .9300 - 1.0300

**NONFAT DRY MILK - WEST**

Prices are both higher and lower for the range series for Western low/medium heat NDM. However, the mostly series is 1 cent lower, reflecting the weaker market tone. Index prices moved higher last week, but one of the indexes was lower again at midweek. Offerings remain heavy in the marketplace, both directly from numerous producers and from resellers. Exports have slowed and stocks are building for more producers. Offerings to the CCC are expected in the near future to be used to balance inventories. The influx of milk into butter/powder plants remains strong and stressing some facilities. Production is expected to be active in the coming months to process the growing milk supplies. Sales of NDM and condensed skim to cheese producers are limited. This is in response to lower prices and lower demand for cheese. High heat prices are mixed, reflecting changes in pricing indexes and the lowering of prices by producers. Demand is light. Production levels are often limited with increased drying time needed to process milk. Stocks are light to in balance. In January 2006, U.S. exports of NDM/SMP totaled 13,700 MT (30.2 million pounds) compared to 27,807 MT (61.3 million pounds) in January 2005, a decline of 51%. Top countries for exports were: Mexico, 6535 MT; Japan 1811 MT; Philippines, 1303 MT; Indonesia, 994 MT; and Yemen, 718 MT.

On March 16, the CCC reports the purchase of 1,306,646 pounds of NDM by the price support program. The current support price for NDM is \$0.8000 per pound. The last support purchase of NDM was in November 2004.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUMHEAT: .8000 - .8950 MOSTLY: .8100 - .8200

HIGHHEAT: .8400 - .9275

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
March 10	\$.8496	8,521,815	0
March 3	\$.8636	15,654,169	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

**DRY BUTTERMILK - CENTRAL**

Prices are unchanged to lower on a weak market. Production is somewhat reduced compared to output levels during January and February. However, stocks continue to build at most locations. Block loads are readily available for export or domestic use. Brokers continue to work on deals in moving buttermilk as they have during the last month to no avail. Traders report that the market either needs to move lower or we need to hope for a hot summer in order to improve the current imbalance between supply and demand.

F.O.B. CENTRAL:

.7800 - .8750

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are unchanged to lower on a weak market. Production remains strong in response to heavy churn activity. Increased seasonal interest from ice cream users is hoped to alleviate some of the accumulation. At present, production continues to outpace demand, encouraging stocks to accumulate. Offerings of multiple loads are noted to some brokers for potential export sale. Export demand for buttermilk is limited and lackluster.

F.O.B. NORTHEAST:

.8200 - .8400

DELVD SOUTHEAST:

.8400 - .8550

**DRY BUTTERMILK - WEST**

Dry buttermilk prices in the West are sharply lower for both price series. The market undertone remains weak. Demand remains slow but has been stimulated by some lower priced blocks of buttermilk offered by producers. Production is active to process available buttermilk solids as churning remains heavy in the region. Drying times are harder to secure as milk production builds in the region. Stocks have been building but are attempting to be cleared by producers at these lower prices.

F.O.B. WEST:

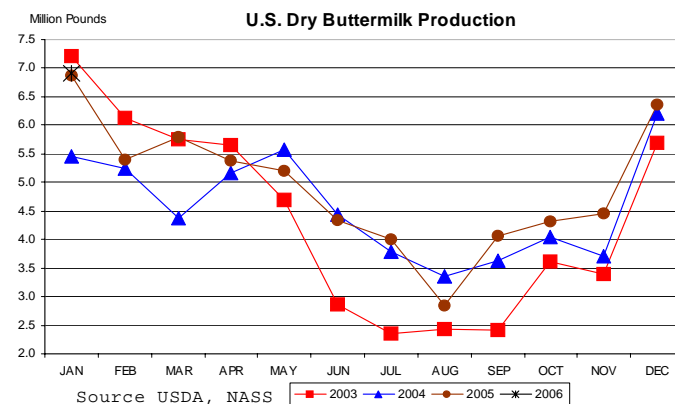
.6800 - .8100 MOSTLY: .7000 - .7900

**DRY WHOLE MILK - NATIONAL**

Prices are unchanged to higher on a mostly steady market. Trade is mostly for contractual needs with some limited spot activity reported on the high side of the range. Because dryers are in full operation to clear supplies of condensed skim from the market place, limited time is allotted for drying whole milk. As a result, supplies of dry whole milk are sometimes limited. Supplies are anticipated to become more adequately balanced as Easter/Passover orders are filled.

F.O.B. PRODUCING PLANT:

1.2000 - 1.2600



**WHEY, CASEIN & EVAPORATED MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**DRY WHEY - CENTRAL**

Prices are lower on a weak market. Reports are mixed from buyers and sellers. In some cases, premium prices continue to be reported with manufacturers stating that supplies are relatively balanced. However, supplies are also reportedly heavy in areas, encouraging multiple loads to clear at a discount to domestic and export users. Production is steady to higher as increased supplies of condensed whey filter into seasonal custom dryer operations. Some end-users continue to delay pick-up of contractual orders, encouraging manufacturer stocks to build. Feed grade supplies are available at some locations and often difficult to clear as users opt to buy hand-to-mouth in light of the weaker market being reported. Increased buying activity is anticipated to result when the market settles.

F.O.B. CENTRAL: .2950 - .3525 MOSTLY: .3125 - .3325  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3000 - .3225

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are steady to lower and the market tone is mostly steady. Although most plants are running at capacity due to heavy flows of milk in the area, stocks of whey are generally reported as in balance. Excess supplies of whey from the Central region are being offered to Eastern traders at steady to lower prices. Lower prices reported in the Central region are beginning to affect the resale trade in the East. As markets trickle lower, buyers are becoming more resistant to the current market and purchasing on a hand-to-mouth basis. As a result, some traders would like to see the markets drop significantly and bottom out so that more activity can occur. Export interest is steady. Although European markets are trending well above U.S. markets due to limited supplies, shipping costs and tariffs reportedly hinder U.S. whey movement to the region.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3450 - .3750  
DELVD SOUTHEAST: .3575 - .3700

**DRY WHEY - WEST**

Western whey prices continue to weaken as sellers attempt to keep supply and demand balanced. Contacts believe that the U.S. got most of the whey tender to the Far East last week and sale prices were near the bottom of the range. Shipments are to clear out in the April-June period. Most producers indicate that stock levels continue to be in a generally balanced position. Production is not as heavy compared to expectations as was noted a month ago. Whey exports, according to FAS, in January total 30.2 million pounds, down 17.6% from January 2005. The top five destinations with their pounds and change from last year are as follows: China 5.1 million pounds, -34.1%; Japan 4.8 million pounds, -31.9%; Korea 4.8 million pounds, +122.8%; Canada 4.1 million pounds, +2.2%; and Thailand 2.7 million pounds, -17.4%. Exports in January total 32.5% of total U.S. production.

NONHYGROSCOPIC: .3100 - .3600 MOSTLY: .3200 - .3500

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Production levels are still heavy as surplus milk supplies are growing in more parts of the country. Demand for Easter/Passover needs reflect a slight improvement. Typically, demand at this time of year does not rival the year end holiday period sales, but some improvement in retail sales is noted. Producer inventories are growing as the increased output is outpacing current demand. The inventory growth is planned as producers take advantage of the heavy supplies of lower priced milk.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.50 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices continue to be reported lower on a weak market. Offerings direct from the manufacturer are heavy. Plants in the best position are fully contracted or producing product that is either heat treated or Grade A. Resellers are becoming very concerned in holding stocks accumulated and offering at discounts to clear their inventories. WPC 80% remains a competitive source of dairy protein. Excess supplies of condensed WPC are available with some feed facilities drying WPC 34% for sale to the feed market at significant discounts to the Extra Grade market. During January 2006, WPC 34% and 80% exports respectively increased 63.15% and 71.49% compared to January 2005. Export quantities and percentage changes for the dominant 34% WPC markets include: Mexico 2,618,132 lbs (+0.36%), Republic of Korea 1,681,432 lbs (+6310.92 or more than a third of total exports last year), and Canada 1,409,678 lbs (+153.61%). More than 375,000 lbs was also shipped to China, Columbia, Japan, and Pakistan. Export quantities and percentage changes for the dominant 80% WPC markets include: China 661,200 lbs (+328.57%), Canada 398,483 lbs (+13.07%), Mexico 318,258 lbs (+50.10%), and Thailand 265,802 lbs (no January 2005 exports were reported yet this sum equates to total exports in 2005).

F.O.B. EXTRA GRADE 34% PROTEIN: .6500 - .7300 MOSTLY: .6800 - .7050

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged on a firm market. Spot supplies are generally not available for current trade. Most manufacturers are able to adequately satisfy contractual interests. Some shipment delays continue to be reported due to shortages at some plants. Some sellers are delaying second quarter contract negotiations until supply availability is more certain. As a result, some contractual users are becoming concerned about receiving adequate supplies during second quarter. Production is steady with inquiries noted from feed and edible users. During January 2006, lactose exports increased 82.56% compared to January 2005. Export quantities and percentage changes for the dominant markets include: Mexico 10,591,763 lbs (+1067.00% or nearly 50% of the total quantity shipped during 2005), Japan 3,963,233 lbs (-16.96%), Vietnam 1,836,593 lbs (+253.09%), Thailand 1,833,728 lbs (no January 2005 exports were reported yet this sum amounts to 20.69% of total exports during 2005), and China 1,536,408 lbs (-45.86%). Shipment of more than 200,000 lbs was also reported into Australia, Brazil, Malaysia, the Philippines, and Taiwan.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .2200 - .2800 MOSTLY: .2300 - .2550

**CASEIN - NATIONAL**

Casein markets and prices are generally unchanged, although the market undertone is weak. Most producers and handlers indicate that they have product available for buyer needs, but acid volumes are less available than rennet. Many buyers question current quoted prices when they hear of and are offered lower priced product. Some of these buyers are hesitant to take advantage of the offerings due to the uncertainty of quality and procuring stocks from sources that they have not dealt with in the past. As a new quarter nears, some traders and buyers anticipate that prices will be lower.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.1500 - 3.2700  
ACID: 3.0800 - 3.2700

**EVAPORATED MILK - NATIONAL**

-see adjacent column-

## CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	03/01	03/02	03/03	03/06	03/07	03/08	03/09	03/10	03/13	03/14
<b>CME - CLASS III MILK FUTURES (Pit-Traded)</b>										
FEB 06	12.20 (2144) 4	12.20 (2148) 10	12.20 (1974) 0							
MAR 06	11.20 (2696) 44	11.19 (2691) 123	11.13 (2690) 47	11.06 (2638) 123	11.11 (2649) 48	11.17 (2646) 15	11.13 (2527) 202	11.13 (2470) 63	11.13 (2466) 7	11.13 (2663) 4
APR 06	11.17 (3043) 97	11.08 (3096) 132	10.90 (3111) 179	10.91 (3123) 96	10.90 (3113) 65	11.20 (3120) 170	11.15 (3161) 260	11.09 (3101) 115	11.05 (3102) 43	11.10 (3111) 37
MAY 06	11.00 (2756) 52	11.11 (2791) 87	11.05 (2843) 111	10.98 (2826) 40	11.00 (2824) 66	11.20 (2939) 167	11.15 (2983) 260	11.10 (2929) 102	11.10 (2923) 56	11.10 (2922) 40
JUN 06	11.10 (2749) 31	11.11 (2770) 52	11.07 (2751) 43	11.03 (2759) 34	11.05 (2765) 28	11.26 (2821) 94	11.20 (2947) 336	11.19 (2899) 93	11.16 (3014) 125	11.20 (3016) 27
JUL 06	11.19 (2644) 50	11.30 (2645) 54	11.24 (2648) 79	11.26 (2656) 18	11.30 (2650) 59	11.75 (2688) 87	11.56 (2650) 354	11.46 (2628) 110	11.53 (2621) 47	11.53 (2634) 19
AUG 06	11.64 (2722) 60	11.71 (2718) 30	11.75 (2707) 62	11.78 (2721) 37	11.76 (2730) 53	12.25 (2774) 95	12.10 (2836) 291	12.05 (2862) 134	12.10 (2881) 46	12.09 (2900) 17
SEP 06	11.71 (2815) 58	11.80 (2811) 30	11.81 (2809) 71	11.81 (2808) 22	11.81 (2842) 48	12.25 (2877) 95	12.05 (2868) 291	12.05 (2821) 97	12.10 (2836) 31	12.15 (2848) 6
OCT 06	11.72 (2593) 52	11.85 (2586) 38	11.80 (2606) 40	11.80 (2604) 22	11.78 (2618) 49	12.10 (2638) 48	12.00 (2658) 135	11.96 (2674) 67	11.97 (2673) 4	12.05 (2675) 4
NOV 06	11.66 (2266) 46	11.83 (2262) 30	11.75 (2296) 32	11.80 (2298) 21	11.83 (2285) 14	12.17 (2304) 42	11.95 (2372) 127	11.90 (2360) 50	11.95 (2362) 21	12.10 (2366) 1
DEC 06	11.65 (2166) 43	11.80 (2174) 33	11.80 (2173) 30	11.80 (2185) 13	11.81 (2215) 29	11.92 (2222) 37	11.92 (2253) 126	11.90 (2268) 48	11.95 (2269) 9	12.04 (2273) 2
JAN 07	11.62 (410) 7	11.72 (413) 7	11.62 (412) 13	11.62 (425) 5	11.65 (438) 6	11.85 (431) 8	11.75 (454) 49	11.77 (468) 21	11.80 (467) 1	11.85 (471) 4
FEB 07	11.62 (393) 8	11.62 (393) 1	11.62 (402) 28	11.62 (405) 3	11.65 (410) 7	11.85 (411) 12	11.75 (432) 36	11.75 (435) 29	11.77 (436) 2	11.89 (441) 9
MAR 07	11.57 (394) 6	11.62 (397) 6	11.57 (399) 20	11.62 (428) 16	11.62 (419) 6	11.82 (417) 8	11.75 (437) 34	11.75 (438) 19	11.77 (438) 7	11.85 (438) 5
APR 07	11.80 (273) 1	11.85 (284) 13	11.90 (292) 20	11.86 (302) 13	11.87 (302) 4	11.95 (303) 1	11.95 (308) 11	11.95 (324) 19	12.01 (326) 3	12.15 (336) 10
MAY 07	11.85 (244) 2	11.90 (249) 11	11.90 (263) 14	11.90 (266) 9	11.90 (266) 6	11.99 (285) 19	11.99 (290) 11	11.99 (306) 18	12.05 (306) 1	12.15 (317) 11
JUN 07	12.00 (247) 12	12.00 (249) 2	12.00 (256) 13	12.00 (256) 1	12.00 (256) 7	12.10 (269) 13	12.00 (277) 16	12.10 (286) 9	12.16 (287) 1	12.25 (300) 14
JUL 07	12.05 (161) 0	12.05 (163) 8	12.05 (163) 0	12.05 (166) 3	12.05 (198) 34	12.05 (196) 2	12.05 (193) 6	12.05 (193) 2	12.05 (193) 0	12.15 (196) 3
<b>CME - CLASS IV MILK FUTURES (Pit-Traded)</b>										
FEB 06	11.36 (1) 0	11.36 (1) 0	11.10 (1) 0							
MAR 06	11.30 (12) 0	11.30 (12) 0	11.10 (12)	11.10 (12) 0	11.10 (12) 0	11.10 (12) 0	11.10 (12) 0	11.10 (12) 0	11.10 (12) 0	11.00 (12) 0
APR 06	11.30 (1) 0	11.30 (1) 0	11.25 (1) 0	11.25 (1) 0	11.10 (1) 0	11.10 (1) 0	11.10 (1) 0	11.10 (1) 0	11.10 (1) 0	11.00 (1) 1
<b>CME – PRODUCT SETTLED BUTTER FUTURES (Pit-Traded)</b>										
MAR 06	121.00 (160) 14	121.00 (159) 2	119.00 (147) 6	118.00 (147) 0	118.00 (81) 0	116.00 (79) 5	114.00 (77) 2	115.00 (50) 2	116.00 (50) 1	116.00 (40) 0
MAY 06	124.00 (240) 3	125.50 (242) 5	123.50 (242) 2	121.00 (241) 4	119.00 (248) 9	118.50 (247) 10	118.50 (243) 8	118.50 (243) 0	122.00 (240) 6	121.50 (244) 12
JUL 06	125.00 (274) 4	125.50 (273) 1	125.50 (273) 0	123.00 (279) 8	122.00 (289) 16	121.50 (294) 10	121.50 (299) 5	121.75 (299) 3	124.00 (308) 10	125.00 (310) 8
SEP 06	127.50 (213) 3	128.00 (213) 0	127.50 (215) 2	126.00 (215) 1	126.00 (218) 3	126.00 (218) 0	126.00 (228) 10	126.00 (228) 7	128.00 (229) 1	127.50 (243) 19
OCT 06	127.00 (124) 0	127.00 (124) 0	128.00 (125) 5	128.00 (125) 0	128.00 (125) 0	126.50 (130) 6	126.50 (130) 0	126.50 (130) 0	127.50 (130) 0	129.00 (139) 11
<b>CME – CASH SETTLED BUTTER FUTURES (Electronic-Traded)</b>										
FEB 06	123.00 (222) 0	123.00 (222) 0	123.74 (222) 0							
MAR 06	120.25 (341) 4	121.50 (342) 1	120.00 (342) 0	118.00 (342) 8	118.00 (342) 0	118.00 (342) 0	118.00 (342) 0	118.00 (339) 3	118.00 (339) 0	118.00 (327) 12
APR 06	122.50 (333) 11	124.25 (335) 3	122.00 (335) 1	119.75 (340) 33	119.25 (340) 0	119.00 (340) 4	119.50 (340) 3	119.50 (340) 0	120.50 (341) 6	120.75 (342) 4
MAY 06	124.00 (397) 9	126.50 (412) 20	122.25 (414) 7	121.25 (422) 14	120.75 (426) 6	119.50 (434) 10	120.00 (438) 4	119.50 (438) 1	120.50 (438) 1	120.50 (448) 20

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-250-3208.



## INTERNATIONAL DAIRY MARKET NEWS

Information gathered March 6 - 17, 2006

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

## WESTERN AND EASTERN EUROPE

**WESTERN OVERVIEW:** Cold, winter weather conditions continue to prevail throughout much of Europe. Milk producers and handlers state that these conditions are quite unusual for this time of the season. Usually by now, some signs of spring are being reported, but these are few and far between this year. Milk producers indicate that winter feed stocks are sufficient to maintain positive production growth as the new season gets under way. It is still too early to speculate if weather conditions are hindering or limiting production growth. This is still a time of the year when producers need to be aware of their milk marketings as the milk quota year end nears. For many producers, milk volumes are lighter than recent years, thus more producers will not need to adjust their marketings due to overproduction. In Europe, reports indicate that overall production is running about 2% behind last year. In years past, much of the overproduction was addressed in the final month or so before the end of the year. This year, milk handlers and producers feel that the whole season has been better managed to avoid last minute adjustments. The Dairy Management Committee met on March 16 for the first time since intervention for butter and skim milk powder has been open. As of March 12, no skim milk powder has been offered but 5,739 metric tons of butter has cleared. Producers and handlers continue to feel that butter offerings will be heavy and powder volumes will be minimal. Intervention is open in 9 European countries at this time for butter. Market prices are just below intervention equivalents. As milk production increases in Europe, so is manufacture of most dairy products. The market remains firm for milk powders, whey, and other protein sources, while weak on the butterfat side. International buyer interest remains slow and unaggressive. Most traders feel that buyers remain absent from the market as they monitor prices.

**BUTTER/BUTTEROIL:** European butter markets remain weak at unchanged prices. Commercial butter prices are just below intervention equivalent prices in nine countries, thus intervention has been open for these countries since March 1. Most traders and handlers anticipate offerings to intervention to be heavy during the open season, with some feeling that maximum levels of 50,000 metric tons will be quickly reached. After that point, subsequent offerings would fall under a tendering system for payment. Currently, butter production is increasing seasonally as milk volumes increase. Stocks are more than sufficient for both internal and international buyer interest.

82% BUTTERFAT: 1,875 - 2,125  
99% BUTTERFAT: 2,300 - 2,550

**SKIM MILK POWDER (SMP):** Skim milk powder markets and prices are generally steady. Traders and handlers state that international buyers appear to be hesitant at current prices. Most traders feel that prices will probably weaken in the near future, but do not know how much weakness will be in the market. European traders look at other international prices, especially in the U.S., and state that European prices will have to weaken significantly to be competitive. Stocks of powder in the States are building and European volumes are still unknown. Intervention is now open in Europe and as of March 12, no offerings have cleared to the program.

1.25% BUTTERFAT: 2,200 - 2,400

**WHOLE MILK POWDER (WMP):** Whole milk powder markets are generally steady with prices unchanged to slightly lower. Milk production is increasing slowly in most areas, thus powder production is also on the increase. Producers and handlers indicate that a significant portion of new production will enter inventory programs due to limited buyer interest. Many traders and handlers feel that potential buyers are still holding off with their orders until prices edge lower. At this point, sales activity is basically centered around an internal or domestic market.

26% BUTTERFAT: 2,100 - 2,250

**SWEET WHEY POWDER:** Whey powder prices in Europe remain steady to slightly higher on the top end of the reported range, although some traders and handlers state that some weakness is starting to occur. Demand remains strong. Cheese production is active with some traders and handlers questioning if the cheese market is strong or if a firm whey market is encouraging cheese production.

NONHYGROSCOPIC: 800 - 925

**EASTERN OVERVIEW:** Winter weather conditions and cold temperatures continue to be reported in Eastern Europe. Milk producers, especially those within the EU, are closely monitoring their milk marketings as the March 31 quota year end nears. Some producers in the smaller, less dairy oriented, countries will need to adjust their output, while the larger, more dairy oriented, countries are in pretty good shape. Traders and handlers within this region still

## OCEANIA

**OCEANIA OVERVIEW:** Oceania's milk production season continues to wind down. In New Zealand, some recovery on first half losses is being reported, although overall milk production in the country continues to trail last year. In Australia, milk production for the first six months of the season (July - December) was up 0.3% on a cumulative basis. This increase is declining from higher levels in earlier months. Hot summer temperatures in December and January could take second half production trends down more rapidly than producers and handlers desire. Some indicate that the heat was sustained long enough that recovery will probably not occur. Stocks of manufactured dairy products are sufficient to maintain scheduled shipping schedules, although some traders and handlers continue to secure product from outside sources to supplement Oceania production. Some manufacturers have adjusted their product mix to better utilize milk volumes for end needs and maximize their returns. International buying interest remains basically unchanged from recent weeks. Most of Oceania's trading activity at this time is from sales that were negotiated prior to the start of the milk production season, thus they virtually have no additional product uncommitted at this time. At this point of the production season, most traders and handlers continue to state that they will not know if they will have any surplus stocks available for spot buyer needs at the end of the production year. Many state that milk production is vulnerable at this time of the season, thus they are not overly optimistic that the end of the season will be much different than recent trends.

**BUTTER:** Oceania butter markets are generally steady with prices unchanged to slightly lower. Butter producers and handlers state that churning schedules are declining as milk volumes decrease seasonally. At this point, most traders and handlers state that they have sufficient volumes of butter to meet current needs. Some traders are reaching to outside sources to secure supplemental butter stocks. This is not occurring due to shortages, but is part of their overall marketing/supply plan.

82% BUTTERFAT: 1,825 - 1,950

**CHEDDAR CHEESE:** Oceania cheese markets are steady with prices unchanged to slightly lower. Cheese output is edging lower seasonally following milk production trends. Stocks of cheese are sufficient for needs. No new sales activity is being reported out of Oceania for cheese, thus market activity continues to center around regular and going buyer interest. Although new international buyer interest is limited, most traders and handlers continue to report that they will not speculate if they will have any surplus cheese volumes available at the end of the current season for spot buyer interest.

39% MAXIMUM MOISTURE: 2,600 - 2,800

**SKIM MILK POWDER (SMP):** Skim milk powder markets are generally steady at unchanged prices. Traders and handlers are stating that lower prices, especially in the States, are not having a negative impact on Oceania prices at this time. Much of Oceania's production has been previously sold and weakness elsewhere in the world will probably have minimal impact on the conclusion of these contracts, but lower prices in the international marketplace could set the tone for new contract negotiations. Current stocks are sufficient to maintain timely shipments.

1.25% BUTTERFAT: 2,100 - 2,200

**WHOLE MILK POWDER (WMP):** Whole milk powder markets and prices are generally steady with a slight weakness on the top end of the reported price range. With a large percentage of annual production pre-sold, Oceania producers adjust their production mix to facilitate the annual need. In Australia, for the first six months of the year (July-December), annual output is trailing last season by 16% with exports down about 2%. In New Zealand, no official figures are available, but producers indicate that they are basically in balance with their need.

26% BUTTERFAT: 2,100 - 2,200

Exchange rates for selected foreign currencies: March 13, 2006

.8639 Canadian Dollar	.0225 Indian Rupee
.3248 Argentina Peso	.6430 New Zealand Dollar
.0932 Mexican Peso	.7346 Australian Dollar
.3049 Polish Zloty	.0084 Japanese Yen
	1.1959 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0932)=  
10.7296 Mexican Pesos. Source: "Wall Street Journal"

**EASTERN OVERVIEW CONTINUED:** question the amount of product that they will have available for sale during the upcoming production season. Most are optimistic that buyers will return to the market soon for near term and future deliveries so that stock levels do not get out of control.



## MARCH MILK SUPPLY AND DEMAND ESTIMATES\*

Forecast milk production in 2006 is raised from last month as January output was larger than expected. Commercial use is to remain relatively firm but the increase in production and higher-than-expected beginning stocks are expected to result in lower forecast prices and increased commercial ending stocks. The cheese price is forecast lower than last month, which will more than offset slightly stronger whey prices and result in a reduced Class III price. Both butter and nonfat dry milk prices are forecast lower than last month, and the Class IV price forecast is lowered to reflect this. CCC net removals of nonfat dry milk are raised from last month. The forecast all milk price for 2006 is lowered to \$12.75-\$13.35 per cwt.

U.S. MILK SUPPLY AND USE					
Commodity	2004	2005 Estimated		2006 Projected	
		February	March	February	March
MILK		<b>BILLION POUNDS</b>			
PRODUCTION	170.9	176.5	177.0	181.4	182.0
FARM USE	1.1	1.1	1.1	1.1	1.1
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	8.3	7.2	7.2	7.7	8.0
MARKETINGS	169.8	175.4	175.9	180.4	180.9
IMPORTS	5.3	4.6	4.6	4.7	4.7
TOTAL COMMERCIAL SUPPLY	183.4	187.2	187.7	192.8	193.6
FAT BASIS USE					
ENDING COMMERCIAL STOCKS	7.2	7.7	8.0	7.5	8.0
CCC NET REMOVALS <u>1/</u>	-0.1	0.0	0.0	0.0	0.0
COMMERCIAL USE <u>2/</u>	176.3	179.5	179.7	185.3	185.5
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	8.5	8.2	8.2	8.7	8.9
MARKETINGS	169.8	175.4	175.9	180.4	180.9
IMPORTS	4.8	4.5	4.5	4.6	4.6
TOTAL COMMERCIAL SUPPLY	183.1	188.1	188.6	193.6	194.4
SKIM-SOLIDS BASIS USE					
ENDING COMMERCIAL STOCKS	8.2	8.7	8.9	8.3	8.5
CCC NET REMOVALS <u>1/</u>	1.3	-1.0	-1.0	0.9	1.2
COMMERCIAL USE <u>2/</u>	173.7	180.4	180.6	184.5	184.7
CCC PRODUCT NET REMOVALS <u>1/</u>		<b>MILLION POUNDS</b>			
BUTTER	-7	0	0	0	0
CHEESE	6	-2	-2	0	0
NONFAT DRY MILK	105	-80	-80	75	100
DRY WHOLE MILK	0	0	0	0	0

NOTE: Totals may not add due to rounding. 1/ Includes products exported under the Dairy Export Incentive Program. 2/ Includes commercial exports.

Continued on page 10

## MARCH MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2004	2005 Estimated		2006 Projected	
		February	March	February	March
PRODUCT PRICES <u>1/</u> CHEESE	DOLLARS PER POUND				
	1.6431	1.4875	1.4875	1.270-1.340	1.230-1.290
	1.8239	1.5405	1.5405	1.260-1.360	1.205-1.295
	0.8405	0.9409	0.9409	0.875-0.935	0.840-0.890
	0.2319	0.2782	0.2782	0.270-0.300	0.280-0.310
	DOLLARS PER CWT				
	15.39	14.05	14.05	11.85-12.55	11.50-12.10
	13.20	12.87	12.87	11.20-12.00	10.65-11.35
	16.05	15.15	15.15	13.10-13.80	12.75-13.35
	QUARTERLY				
2005 IV	2006 I <u>4/</u>	2006 II <u>4/</u>	2006 III <u>4/</u>	2006 IV <u>4/</u>	
MILK PRODUCTION	BILLION POUNDS				
	43.7	45.4	46.8	44.8	45.0
	DOLLARS PER CWT.				
	15.13	13.80-14.00	12.10-12.60	12.20-13.00	12.75-13.75
ALL MILK PRICE <u>2/</u> <u>3/</u>	13.69	12.10-12.30	11.10-12.60	11.45-12.25	11.30-12.30
CLASS III PRICE <u>2/</u>	13.03	11.15-11.45	10.40-11.00	10.50-11.40	10.55-11.65
CLASS IV PRICE <u>2/</u>					

1/ Simple average of monthly prices calculated by AMS from NASS weekly average dairy product prices for class price computations. Details may be found at [http://www.ams.usda.gov/dyfmom/mib/fedordprc\\_dscrpt.htm](http://www.ams.usda.gov/dyfmom/mib/fedordprc_dscrpt.htm). 2/ Annual and quarterly Class III and Class IV prices are the simple average of monthly minimum Federal order milk prices paid by regulated plants for milk used in the respective classes. All milk price is the simple average of monthly prices received by farmers for milk at average test. 3/ Does not reflect any deductions from producers as authorized by legislation. 4/ Projection.

\* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; Howard McDowell, AMS; Paul Kiendl, FAS; George Wallace, ERS; and Milton Madison, FSA.

**SOURCE:** "World Agricultural Supply and Demand Estimates," WASDE-432, World Agricultural Outlook Board, USDA, March 10, 2006.

**MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS  
AND CALIFORNIA, DECEMBER 2005**

In December 2005, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$14.73 per cwt., \$.36 less than the figure for the previous month. The component tests of producer milk in December 2005 were: butterfat, 3.84%; protein, 3.14%; and other solids, 5.69%. On an individual reporting area basis, mailbox prices decreased in all Federal milk order reporting areas, and ranged from \$17.98 in Florida to \$12.94 in New Mexico. In December 2004, the Federal milk order all-area average mailbox price was \$16.38, \$1.65 higher.

Reporting Area	Mailbox Milk Price <u>2/</u>		
	December 2004	November 2005	December 2005
	Dollars per hundredweight		
Northeast Federal Milk Order	16.70	15.64	15.06
New England States	---	15.80	15.20
New York	---	15.36	14.75
Eastern Pennsylvania	---	15.81	15.28
Western Pennsylvania	---	15.53	15.02
Appalachian States <u>3/</u>	16.36	15.64	14.93
Southeast States <u>4/</u>	16.80	16.67	16.01
Southern Missouri <u>5/</u>	15.97	15.18	14.43
Florida	18.10	18.36	17.98
Ohio	16.51	15.23	14.88
Indiana	16.52	15.17	14.76
Michigan	16.09	15.12	14.70
Wisconsin	17.25	15.25	15.06
Minnesota	16.60	14.93	14.83
Iowa	16.57	15.21	14.88
Illinois	16.87	15.32	15.06
Corn Belt States <u>6/</u>	15.30	13.98	13.82
Western Texas <u>7/</u>	15.55	13.98	13.77
New Mexico	14.42	13.16	12.94
Northwest States <u>8/</u>	15.03	14.17	13.77
All Federal Order Areas <u>9/</u>	16.38	15.09	14.73
California <u>10/</u>	15.18	13.42	13.49

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. As applicable, includes milk not-pooled due to disadvantageous intra-order price relationships. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. Mailbox price does include, for the most part, the \$0.05 per cwt. assessment under the Cooperatives Working Together (CWT) program. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these. 6/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 5/. 7/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 8/ Includes Oregon and Washington. 9/ Weighted average of the information for all selected reporting areas in Federal milk orders. 10/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

**2006 Cow Slaughter Under Federal Inspection - U.S. Total, with Comparisons  
(thousand head)**

Week Ending	2006			2005			
	Dairy Cows	All Cows	Dairy as Percent of All	Week Ending	Dairy Cows	All Cows	Dairy as Percent Of All
Jan 7	42.8	92.7	46.2	Jan 1	42.7	86.1	49.6
14	50.0	114.4	43.7	8	52.1	101.9	51.1
21	47.2	104.6	45.1	15	58.8	112.3	52.4
28	45.8	98.7	46.4	22	49.6	103.8	47.8
Feb 4	44.7	96.1	46.5	29	48.6	105.7	46.0
11	43.4	93.0	46.7	Feb 5	49.1	98.9	49.6
18	41.0	88.9	46.1	12	46.2	93.4	49.5
25	42.0	88.3	47.6	19	46.9	95.9	48.9
Mar 4				26	44.2	91.3	48.4
11				Mar 5	42.2	82.5	51.2
118				12	45.0	89.3	50.4
25				19	44.1	89.0	49.6
Apr 1				26	42.4	86.3	49.1
8				Apr 2	41.3	81.2	50.9
15				9	42.7	89.0	48.0
22				16	41.9	87.8	47.7
29				23	38.8	84.2	46.1
May 6				30	39.3	86.1	45.6
13				May 7	40.6	87.1	48.9
20				14	39.4	87.1	45.2
27				21	39.0	91.3	42.7
Jun 3				28	38.0	90.1	42.2
13				Jun 4	33.3	74.1	44.9
20				11	37.4	85.8	43.6
27				18	36.5	86.3	42.3
				25	36.4	85.5	42.6

**SOURCE:** The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service and the National Agricultural Statistics Service, all of USDA.



## Measures of Growth in Federal Milk Order Markets, Selected Years, 1947-2005

Year	Number of markets 1/	Population of Federal milk marketing areas	Number of handlers 1/	Number of producers 2/	Receipts of producer milk 3/	Producer milk used in Class I	Percentage of producer milk used in Class I	Prices at 3.5% butterfat content 2/		Receipts as percentage of milk sold to plants and dealers		Daily deliveries of milk per producer	Gross value of receipts of producer milk 4/	
								Class I	Blend	Fluid grade	All milk		Per producer	All producers
	Number	1,000	Number		Million pounds		Percent	Dol. per cwt.		Percent		Pounds	Dollars	1,000 dol.
1947	29	---	991	135,830	14,980	9,808	65.5	4.65	4.34	---	21	302	5,024	682,407
1950	39	---	1,101	156,584	18,660	11,000	58.9	4.51	3.93	41	25	326	4,914	769,442
1955	63	46,963	1,483	188,611	28,948	18,032	62.3	4.67	4.08	51	32	420	6,510	1,227,815
1960	80	88,818	2,259	189,816	44,812	28,758	64.2	4.88	4.47	64	43	648	10,482	1,989,615
1965	73	102,351	1,891	158,077	54,444	34,561	63.5	4.93	4.31	70	48	944	15,300	2,418,526
1970	62	125,721	1,588	143,411	65,104	40,063	61.5	6.74	5.95	79	59	1,244	27,636	3,963,311
1975	56	150,666	1,315	123,855	69,249	40,106	57.9	9.36	8.64	78	63	1,532	49,233	6,097,768
1980	47	164,908	1,091	117,490	83,998	41,034	48.9	13.77	12.86	80	67	1,954	93,685	11,007,001
1985	44	176,440	884	116,765	97,762	42,201	43.2	13.88	12.61	80	70	2,294	107,871	12,595,522
1986	44	177,992	849	112,322	98,791	42,725	43.2	13.60	12.38	80	71	2,413	111,581	12,515,451
1987	43	180,374	797	105,882	98,182	42,876	43.7	13.90	12.51	80	71	2,542	118,402	12,529,800
1988	42	184,180	776	104,141	100,066	43,141	43.1	13.42	12.14	79	71	2,627	119,261	12,419,974
1989	41	185,919	748	100,291	95,871	43,367	45.2	14.51	13.30	75	68	2,614	129,744	13,012,796
1990	42	195,841	753	100,397	102,396	43,783	42.8	15.55	13.78	77	70	2,796	142,324	14,289,567
1991	40	198,409	722	100,267	103,252	45,033	43.6	13.30	12.11	76	71	2,821	121,479	12,180,354
1992	40	200,530	698	97,803	107,947	44,914	41.6	14.57	13.12	77	73	3,017	146,452	14,323,698
1993	38	199,604	675	92,934	103,979	44,805	43.1	14.19	12.89	73	69	3,073	145,350	13,507,974
1994	38	201,561	629	91,397	107,811	44,866	41.6	14.75	13.16	75	71	3,232	156,253	14,281,193
1995	33	207,548	571	88,717	108,548	45,004	41.5	14.19	12.79	75	71	3,350	157,754	13,995,454
1996	32	209,599	570	82,947	104,501	45,479	43.5	16.19	14.64	72	69	3,442	187,713	15,570,261
1997	31	208,379	570	78,422	105,224	44,917	42.7	14.36	13.10	71	69	3,676	178,424	13,992,366
1998	31	210,484	522	72,402	99,223	44,968	45.3	16.14	14.92	66	64	3,755	202,770	14,681,340
1999	31	212,118	487	69,008	104,479	45,216	43.3	16.24	14.09	67	65	4,148	216,794	14,960,544
2000	11	228,899	346	69,590	116,920	45,989	39.3	14.24	12.11	72	70	4,590	207,913	14,468,892
2001	11	231,487	350	66,423	120,223	45,887	38.2	16.96	14.90	75	73	4,959	275,642	18,308,968
2002	11	234,256	338	63,856	125,546	46,043	36.7	13.69	11.91	77	76	5,387	239,520	15,294,802
2003	11	236,180	331	58,110	110,581	45,843	41.5	14.10	12.12	67	65	5,178	242,066	14,066,672
2004	10	234,825	306	52,341	103,048	44,939	43.6	17.56	15.74	62	61	5,352	324,119	16,965,368
2005	10	238,428	302	53,036	114,682	44,570	38.9	17.13	15.07	66	65	5,904	334,626	17,747,577

1/ End of year. The number of markets peaked at 83 in 1962. The number of handlers peaked at 2,314 in 1961.

2/ Average for year. The number of producers peaked at 192,947 in 1961.

3/ Beginning in 1989, due to disadvantageous price situations in some markets, handlers elected not to pool milk that normally would have been associated with the order. This has reduced, sometimes substantially, the volume of producer milk receipts reported for some markets. This can also affect significantly the comparability of other "Measures of Growth" based on this statistic.

4/ Based on blend (uniform) price adjusted for the butterfat content, and in later years, other milk components of producer milk.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF MARCH 13 - 17, 2006			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/05	SAME PERIOD LAST YEAR	WEEK ENDING 03/10/06	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHEESE</b>							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	1,306,646	-0-	1,306,646	1,306,646	31,817,269	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Instant	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	1,306,646	-0-	1,306,646	1,306,646	31,817,269	-0-	-0-

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MARCH 13-17, 2006 =	0.3	15.2	COMPARABLE PERIOD IN 2005 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 2005 =	0.3	15.2	CUMULATIVE SAME PERIOD LAST YEAR =	7.0	370.4
CUMULATIVE JANUARY 1 - MARCH 17, 2006 =	0.3	15.2	COMPARABLE CALENDAR YEAR 2005 =	0.0	0.0

\* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JULY 18 - 22, 2005 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	1,306,646	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/05 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
CENTRAL	-0-	-0-	-0-	-0-	-0-	1,331,567	-0-	4.2
WEST	-0-	-0-	-0-	-0-	1,306,646	29,415,099	100.0	92.4
EAST	-0-	-0-	-0-	-0-	-0-	1,070,603	-0-	3.4
<b>TOTAL</b>	-0-	-0-	-0-	-0-	1,306,646	31,817,269	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 02/25/06 & Comparable Week 2005

Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL		% DAIRY OF ALL	
											WEEK SINCE JAN 1	WEEK SINCE JAN 1		
2006-Dairy	N.A.	0.5	5.9	2.4	13.9	2.7	0.1	N.A.	13.6	1.6	42.0	393.8	47.6	46.1
2005-Dairy	N.A.	0.7	6.0	2.3	15.2	3.1	0.3	N.A.	13.2	2.5	44.2	438.4	48.4	49.3
2006-All cows	N.A.	0.6	7.4	10.5	27.5	12.9	9.6	N.A.	15.1	2.0	88.3	854.3		
2005-All cows	N.A.	0.7	7.4	10.3	29.2	11.2	11.7	N.A.	13.8	4.2	91.3	889.4		

**SOURCE:** The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14
2005	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30	14.35	13.35	13.37

FEDERAL MILK ORDER CLASS PRICES FOR 2006 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	13.38	13.38	12.49	11.22								
II	13.25	12.62										
III	13.39	12.20										
IV	12.20	11.10										

1/ Specific order differentials to be added to this base price are located at [www.ams.usda.gov/dyfmoms/mib/cls\\_prod\\_cmp\\_pr.htm](http://www.ams.usda.gov/dyfmoms/mib/cls_prod_cmp_pr.htm)